Introduction

EPA's Mission

The mission of the Environmental Protection Agency (EPA) is to protect and safeguard human health and the environment, with a new focus on collaboration and partnerships with our Geographic and Regional partners. This budget supports the Administration's commitment to environmental results -- making the air cleaner, water purer, and better protecting our land. The Agency's proposal for FY 2005 also reflects our primary goal of compliance with national standards, which support neighborhood solutions. It will enable the Agency to take a giant step toward national market-based solutions, boosting our nation to the next level of environmental protection.

EPA's Goals

EPA has five strategic, long-term goals in its Strategic Plan that guide the Agency's planning, budgeting, analysis, accountability, and implementation processes.

- **Clean Air and Global Climate Change:** EPA will protect and improve the air so it is healthy to breathe and risks to human health and the environment are reduced. EPA will reduce greenhouse gas intensity by enhancing partnerships with businesses and other sectors.

  EPA and its partners will protect human health and the environment by attaining and maintaining health-based air-quality standards and reducing the risk from toxic air pollutants, and will encourage voluntary actions to improve indoor air in homes, schools, and office buildings. Through worldwide action, ozone concentrations in the stratosphere will improve, reducing the risk to human health from overexposure to ultraviolet radiation. EPA and its partners will also work to minimize unnecessary releases of radiation and be prepared to minimize impacts should unwanted releases occur. In addition, EPA will provide and apply sound science and conduct leading-edge research in support of air programs.

- **Clean and Safe Water:** EPA will ensure drinking water is safe. EPA will also restore and maintain oceans, watersheds, and their aquatic ecosystems to protect human health, support economic and recreational activities, and provide healthy habitat for fish, plants, and wildlife.

  EPA will protect human health by reducing exposure to contaminants in drinking water, in fish and shellfish, and in recreational waters. EPA will also protect the quality of rivers, lakes, and streams on a watershed basis, and protect coastal and ocean waters. EPA's water program will be supported by providing and applying a sound scientific foundation through the conduct of leading-edge research and development of a better understanding and characterization of the environmental outcomes.

- **Land Preservation and Restoration:** EPA will preserve and restore the land by using innovative waste management practices and cleaning up contaminated properties to reduce risks posed by releases of harmful substances.

  EPA will reduce waste generation, increase recycling, and ensure proper management of waste and petroleum products at facilities in ways that prevent releases. EPA will also work to control the risks to human health and the environment by mitigating the impact of accidental or intentional releases and by cleaning up and restoring contaminated sites. EPA's land preservation and restoration efforts will be supported by the application of sound science and the conduct of leading-edge research.

- **Healthy Communities and Ecosystems:** EPA will protect, sustain, or restore the health of people, communities, and ecosystems using integrated and comprehensive approaches and partnerships.

  EPA will prevent and reduce potential pesticide, chemical, and genetically-engineered biological organism risks to humans, communities, and ecosystems. EPA will work to protect, sustain, and restore the health of communities, natural habitats, and ecosystems, including brownfield

sites, the United States-Mexico border, wetlands, and specific ecosystems such as the Great Lakes, Chesapeake Bay, and Gulf of Mexico. The Agency will work to enhance the Nation's capability to prevent, detect, and recover from acts of terror through research, enhanced data collection and sharing, and provision of technical support to infrastructure. In addition, EPA will provide a sound scientific foundation for protecting, sustaining, and restoring the health of people, communities, and ecosystems through leading-edge research.

- **Compliance and Environmental Stewardship:** EPA will improve environmental performance through compliance with environmental requirements, preventing pollution, and promoting environmental stewardship. EPA will protect human health and the environment by encouraging innovation and providing incentives for governments, businesses, and the public that promote environmental stewardship. Additional funds and resources provided in 2004 and continued into 2005 will allow resumption of targeted inspections and enforcement activities in both the civil and criminal context.

  EPA will maximize compliance through compliance assistance, compliance incentives, and enforcement. EPA will also work to improve environmental protection and enhance natural resource conservation on the part of government, business, and the public through the adoption of pollution prevention and sustainable practices, the reduction of regulatory barriers, and the application of results-based, innovative, and multimedia approaches. In addition, EPA will assist Federally recognized tribes in assessing the condition of their environment, help build their capacity to implement environmental programs, and carry out programs in Indian country where needed to address environmental issues. EPA will also strengthen the scientific evidence and research supporting environmental policies and decisions on compliance, pollution prevention, and environmental stewardship.

Overview

Annual Plan and Budget Overview

The EPA's FY 2005 Annual Plan and Budget requests $7.8 billion in discretionary budget authority and 17,904 Full Time Equivalents (FTE). This budget request supports the Agency's core programs and implementation of critical components of the President's Management Agenda. Additionally, this request emphasizes the importance of adequate resources and vision necessary to reach our Nation's environmental goals. Resources also support the Agency's efforts to work with its partners toward protecting air, water, and land, as well as providing for EPA's role in safeguarding the Nation from terrorist acts. The request supports the Administration's commitment to setting high environmental protection standards, while focusing on results and performance, and achieving goals outlined in the President's Management Agenda.

This Annual Plan and Budget submission demonstrates EPA's commitment to protecting human health and the environment, building and enhancing relationships with our Geographic and Regional partners, and improving environment results. EPA's budget request places a strong emphasis on working with stakeholders to protect human health. For example, the Agency requests $65 million for grants to retrofit the Nation's school buses with cleaner technologies, thereby reducing diesel emissions. The budget will also assist our state and local partners in meeting national environmental quality standards. EPA requests $20 million and $45 million respectively to support the Agency's request for Water Quality Monitoring and the Great Lakes Legacy Act. These efforts exhibit EPA's commitment to collaborative environmental protection.

Clean Air and Global Climate Change

The FY 2005 President's Budget expands EPA's Clean School Bus USA program to $65 million in grant funding for projects that reduce diesel emissions from school buses through bus retrofit or replacement. Clean School Bus USA helps ensure that school buses – which are the safest way for kids to get to school – also are the cleanest possible transportation for this generation of school children. EPA initially launched the program in April 2003 using $5 million in grant funding. The initial grant offering garnered 120 grant applications from every region of the country totaling nearly $60 million in requests and offering some $36 million in matching resources. EPA supported 17 of these projects with the given resources. By expanding this program, additional resources are available to communities for localized solutions that address an issue important to children and parents across the nation.

The Clear Skies initiative draws on EPA's experience to modernize the Clean Air Act. Using a market-based approach, the Clear Skies initiative will dramatically reduce power plant emissions of three of the most significant air pollutants—sulfur dioxide (SO_2), nitrogen oxides (NO_x), and mercury. Reductions in SO_2 and NO_x emissions will also reduce airborne fine particulate matter ($PM_{2.5}$) which is associated with these two pollutants. EPA's approach builds upon the success of the acid rain cap-and-trade program created by the Clean Air Act amendments in 1990. The Clear Skies initiative will achieve substantially greater reductions in air pollution from power plants more quickly and with more certainty than the existing Clean Air Act. The initiative requires mandatory reductions of SO_2, NO_x, and mercury (Hg) by an average of 70% from today's levels and ensures that these levels are achieved and sustained through caps on emissions. EPA has also proposed an Interstate Air Quality Rule that also utilizes a cap and trade program to reduce SO_2 and NO_x as well as a proposed Utility Mercury Reductions Rule that seeks comments on two approaches for reducing the estimated 48 tons of mercury currently emitted each year by coal-burning power plants in the United States. Despite these reductions, some states will need to implement further measures to meet National Ambient Air Quality Standards (NAAQS). To help states and localities develop cost-effective strategies, EPA also will need to provide assistance to states to implement reductions. One approach is to strengthen air models by developing emission factors and improving emission inventories.

The number of people living in areas with monitored ambient ozone concentrations below the NAAQS for the one-hour ozone standard will increase by 4% for a cumulative total of 53%.

A key to achieving the Clean Air Goal is $313.0 million included in this budget for air grants that support states and tribes. This total includes resources to assist states, tribes and local governments in devising additional stationary and mobile source strategies to reduce ozone, particulate matter, and other pollutants.

The Agency will develop strategies and rules to help states and tribes reduce emissions and exposure to hazardous air pollutants, particularly in urban areas, and reduce harmful deposition in water bodies.

EPA's air research program will continue to provide a strong scientific basis for policy and regulatory decisions and explore emerging problem areas.

By 2005 the percentage of the population served by community water systems will receive drinking water that meets health-based standards with which systems need to comply as of December 2001 will be 94%.

Air toxics emissions nationwide from stationary and mobile sources combined will be reduced by an additional 1% of the updated 1993 baseline of 6.0 million tons for a cumulative reduction of 38%.

Climate Change

This budget request includes $130.1 million to meet the Agency's climate change objectives by working with business and other sectors to deliver multiple benefits – from cleaner air to lower energy bills – while improving overall scientific understanding of climate change and its potential consequences. The core of EPA's climate change efforts are government/industry partnership programs designed to capitalize on the tremendous opportunities available to consumers, businesses, and organizations to make sound investments in efficient equipment and practices. These programs help remove barriers in the marketplace, resulting in faster deployment of technology into the residential, commercial, transportation, and industrial sectors of the economy.

Greenhouse gas emissions will be reduced from projected levels by approximately 90 MMTCE per year through EPA partnerships with businesses, schools, state and local governments, and other organizations.

Clean and Safe Water

Over the 30 years since enactment of the Clean Water and Safe Drinking Water Acts, government, citizens, and the private sector have worked together to make dramatic progress in improving the quality of surface waters and drinking water.

By 2005, using both pollution prevention and restoration approaches, so that 500 of the Nation's watersheds, water quality standards are met in at least 80% of the assessed water segments.

Thirty years ago, much of the nation's tap water had either very limited treatment or no treatment at all. About two-thirds of the surface waters assessed by states were not attaining basic water quality goals and were considered polluted. Some of the Nation's waters were open sewers posing health risks, and many waterbodies were so polluted that traditional uses, such as swimming, fishing, and recreation were impossible.

Today drinking water systems monitor and treat water to assure compliance with drinking water standards applicable to a wider range of contaminants. In addition, drinking water sources are now protected, which reduces treatment costs in the long run. The number of polluted waters has been dramatically reduced and many clean waters are even healthier. A massive investment of Federal, state, and local funds resulted in a new generation of wastewater treatment facilities able to provide "secondary" treatment or better. Discharges from over 50 different categories of industries are now regulated and efforts to implement 'best management practices' have helped reduce runoff of pollutants from diffuse or 'nonpoint' sources.

In FY 2005, EPA will focus on four strategies toward achieving the Nation's clean and safe water goals. To better address the complexity of the remaining water quality challenges, EPA will promote local watershed approaches to execute the best and most cost effective solutions to local and regional water problems. To protect and build on the gains of the past, EPA will focus on its core water programs. To maximize the impact of each dollar,

EPA will continue to strengthen vital partnerships with states, tribes and local governments, and others working toward the common goal of improving the Nation's waters. To leverage progress through innovation, EPA will promote water quality trading, water efficiency, and other market based approaches.

In FY 2005, to further support states and tribes in implementing CWA programs, EPA is making a significant investment in water quality monitoring to strengthen and upgrade state programs through state grants, improved data management systems and improved monitoring tools.

EPA's water research program will continue to provide a strong scientific basis for policy and regulatory decisions and explore emerging problem areas.

Water Quality Monitoring

The FY 2005 water quality monitoring investment will be a major step toward solving the well-documented shortcomings of the Nation's water quality monitoring. EPA can make the most of scarce resources through information-based management, using tools such as prevention, source water protection, watershed trading, and permitting on watershed basis. Monitoring is the foundation of information-based management and it is imperative that the data and information gaps be closed as quickly as possible. To strengthen and upgrade water quality monitoring programs across the country, EPA proposes two components: State grants targeted specifically to enhance state monitoring programs as well as support and enhancement of state data management systems.

Concentrated Animal Feeding Operations (CAFOs) and Storm Water

States are struggling with implementation of the NPDES permitting programs, as shown by withdrawal petitions and permit backlogs. Compounding the problem is that the regulated universe has increased by tenfold due to new requirements for concentrated animal feeding operations and storm water runoff. Additional resources in the form of state grants will assist states in implementing the NPDES CAFO programs and issuing storm water permits.

Water Quality Trading

In FY 2005 EPA will advance water quality trading in voluntary partnerships on a watershed basis. It capitalizes on economies of scale and cost differences among sources. Trading allows one source to meet its regulatory obligations by using pollutant reductions gained by another source and provides incentives for voluntary reductions at a reduced cost to all. It encourages earlier and/or greater reductions than required, more cost effective programs, and incentives for innovative solutions to complex water quality problems.

Water Efficiency

Growing populations place increasing demands on water sources. In addition, the nation faces a multi-billion dollar gap between water and wastewater infrastructure needs over the next 20 years. The touchstone of a long-term strategy to manage and maintain water and wastewater infrastructure is sustainability. An important component of that strategy is promoting sustainable systems. EPA will work in partnership with the states, utility industry and others to enhance the operating efficiencies of systems. These efficiencies will help systems make necessary investments to meet growing demand and sustain gains made over the past three decades. EPA will also help mitigate the infrastructure needs by investing in efforts to reduce water demand and wastewater flows, allowing for deferral or downsizing of capital projects. Added benefits to reduced demand include: maintaining streamflows, protecting aquatic habitat, avoiding overdrawn aquifers, and conserving supply sources.

Land Preservation and Restoration

This budget continues a commitment to clean up toxic waste sites with $1.4 billion for Superfund. The Agency will also work to maximize the participation of responsible parties in site cleanups while promoting fairness in the enforcement process. EPA will continue the progress we have made in cleaning up toxic waste sites while protecting public health and returning land to productive use. As of January 6, 2004, approximately 700 cleanup construction projects were underway at over 430 Superfund National Priority List (NPL) sites construction was complete on over 890 sites, or 59% of NPL sites. EPA has completed all final cleanup plans at over 1,100 NPL sites, undertaken 7,900 removals at hazardous waste sites to immediately reduce human health and environmental threats, assessed over 45,300 sites, and removed more than 33,400 sites from the national toxic waste site list to help promote the economic redevelopment of these properties. The waste

research program continues to support the Agency's objective of reducing or controlling potential risks to human health and the environment at contaminated waste sites by accelerating scientifically-defensible and cost-effective decisions for cleanup at complex sites, mining sites, marine spills, and Brownfields in accordance with CERCLA.

Healthy Communities and Ecosystems

Ensuring Safe Food

The FY 2005 request includes $156.7 million to meet implementation challenges of the Food Quality Protection Act (FQPA) of 1996 so that all Americans will continue to enjoy one of the safest and most affordable food supplies in the world. The Agency's implementation of FQPA focuses on science-driven policies for pesticides review, seeks to encourage the development of reduced risk pesticides to provide an alternative to the older versions on the market, and works to develop and deliver information on alternative pesticides/techniques and best pest control practices to pesticide users. The Agency is also working to help farmers' transition--without disrupting production--to safer substitutes and alternative farming practices. Reassessing existing tolerances ensures food safety, especially for infants and children, and ensures that all pesticides registered for use meet current health standards. This budget request also supports FQPA research. That research seeks to reduce uncertainties in risk assessment by developing tools to reduce reliance on default assumptions and support the development of new assessment methodologies.

By the end of 2005, EPA will reassess a cumulative 88% of the 9,721 pesticide tolerances required to be reassessed over ten years.

Chemical Programs

EPA's strategy to prevent and reduce potential risks posed by chemicals and microorganisms comprises three primary approaches: preventing the introduction into U.S. commerce of chemicals that pose unreasonable risks; effectively screening the stock of chemicals already in use for potential risk; and developing and implementing action plans to reduce use of and exposure to chemicals that have been demonstrated to harm humans and the environment. EPA will continue to work with states and Tribes, other federal agencies, the private sector, and international entities to implement this strategy and, in particular, to make protection of children and the aging a fundamental goal of public health and environmental protection in the United States and around the world. Both the New Chemicals and Existing Chemicals programs have initiated work to develop long-term, ambitious targets not only in response to the FY 2004 PART process but also in conjunction with the EPA Strategic Plan revision effort. Both have made significant improvements since the FY 2004 review, with new chemicals program receiving one of the highest ratings of EPA programs reviewed by the PART for FY 2005. Both programs are continuing its efforts to improve performance measurement in response to FY 2005 PART findings by developing long-term and associated annual efficiency measures.

Great Lakes

To advance the Agency's efforts regarding innovative and effective partnerships, EPA is making a significant investment in the Great Lakes Legacy Act program to address cleanup of contaminated sediments. EPA and its Great Lakes community partners will collaborate on remedial action within the Areas of Concern identified as potential Legacy Act sediment remediation sites in 2005.

Chesapeake Bay

The FY 2005 President's Budget includes $30 million for the Chesapeake Bay. Of that total, $10 million in the Targeted Watershed program is directed toward Chesapeake Bay for a regional pilot program that will help sewage treatment plants reduce nutrient discharges to the Bay through nonpoint source projects. Partners in the effort to protect the Bay include Maryland, Virginia and Pennsylvania; the District of Columbia; the Chesapeake Bay Commission, a tri-state legislative body; EPA, which represents the Federal government; and participating citizen advisory groups.

Brownfields

Additionally, the Agency is committed to building innovative and effective partnerships that allow states and tribes to make environmental decisions on local levels. This budget provides $210 million for Brownfields. As one of the Administration's top environmental priorities and a key to restoring contaminated sites to productive use,

the Brownfields program will draw on some of these resources to enhance state and Tribal response programs. By protecting land and revitalizing contaminated sites throughout the US, EPA continues to expand efforts to foster healthy and economically sustainable communities and attract new investments to rejuvenate areas.

Homeland Security

EPA's FY 2005 Annual Plan and Budget requests $97 million and 151 FTE to support the Agency's Homeland Security responsibilities in accordance with the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, the National Strategy for Homeland Security, and Presidential Directives (PDD) 39, 62, 63. In addition, EPA will conduct research and provide guidance and technical support for Federal, state, local governments, and other institutions in the areas of biological agents, water security, and rapid risk assessment.

A strong enforcement program identifies and reduces noncompliance problems, assists the regulated community in understanding environmental laws and regulations, responds to complaints from the public, strives to secure a level economic playing field for law-abiding companies, and deters future violations.

Compliance and Environmental Stewardship

Many of the environmental improvements in this country during the past 30 years can be attributed to a strong set of environmental laws and EPA's efforts to ensure compliance with those laws through a smart enforcement program. A smart enforcement program uses a mix of integrated strategies, partnerships, and innovative approaches to provide cleaner air, purer water, and better protected land. An integrated approach considers the appropriate tools to use when addressing environmental problems, and uses data analysis and other relevant information to marshal and leverage resources to target significant noncompliance and address the associated environmental risks. The program uses a combination of tools such as compliance assistance and incentives, monitoring, and civil and criminal enforcement, in cooperating with our regulatory partner, to provide a broad scope of actions designed to protect public health and the environment. State, Tribal, and local governments bear much of the responsibility for ensuring compliance. EPA works in partnership with them and other Federal agencies to promote environmental protection.

The FY 2005 request will continue to support the regulated community's compliance with environmental requirements through voluntary compliance incentives and assistance programs. The Agency will provide information and technical assistance to the regulated community through the compliance assistance program to increase its understanding of all statutory or regulatory environmental requirements, thereby reducing risk to human health and the environment and gaining measurable improvements in compliance. The program will also continue to develop strategies and compliance assistance tools that will support initiatives targeted toward improving compliance at Federal facilities, in specific industrial and commercial sectors, or with certain regulatory requirements.

Increase the regulated community's compliance with environmental requirements through their expanded use of compliance assistance. The Agency will continue to support small business compliance assistance centers and develop compliance assistance tools such as sector notebooks and compliance guides.

The President's FY 2005 request continues to support pollution prevention. Increasingly, the nation is recognizing the value of pollution prevention as an environmental strategy, as a sustainable business practice, and as a funding principle of our society. It is also a vehicle for "reinventing" traditional EPA programs and devising innovative alternative strategies to protect public health and the environment. Through EPA's leadership, pollution prevention has become a key element of initiatives to improve federal environmental management, empower state and tribal programs, encourage corporate stewardship, and better inform the public.

Enhancing Environmental Performance

To further EPA's goal of promoting environmental stewardship, the Agency will make investments in programs to support State innovation and pollution prevention in FY 2005. A new State and Tribal Performance Fund provides $23 million in competitive grants to develop projects with tangible, performance-based environmental and health

outcomes that can be models for implementation across the nation. EPA will also continue its emphasis on working with Tribal governments to build the capacity of their environmental programs.

Strong Science

The FY 2005 budget supports EPA's efforts to further strengthen the role of science in decision-making by using sound scientific information and analysis to help direct policy and establish priorities. This budget request includes $572 million for the Office of Research and Development to develop and apply strong science to address both current and future environmental challenges. These resources support a balanced research and development program designed to address Administration and Agency priorities, and meet the challenges of the Clean Air Act (CAA), the Safe Drinking Water Act (SDWA), the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), the Food Quality Protection Act (FQPA), and other environmental statutes. The budget request includes important new or increased research efforts in the following areas: computational toxicology, data quality, and IRIS.

In accordance with the Administration's Investment Criteria for Research and Development (relevance, quality, and performance), the Agency will continue to improve the application of the Criteria to achieve maximum environmental and health protections. Efforts include applying the highest quality scientific methods, models, tools, and approaches.

Relevance

EPA's Office of Research and Development (ORD) has developed Multi-Year Plans (MYPs) for each of its major research programs. These MYPs describe the scientific context and present clear goals and priorities for each research program. Reflecting the inherently long-term nature of research, each MYP has identified annual and long-term (five to eight years out) goals that contribute to achievement of the Agency's strategic outcome goals and objectives. Each MYP is regularly updated to reflect scientific and budgetary changes, and is independently peer-reviewed.

The Agency is also exploring options for establishing periodic evaluations of EPA research programs. Beginning in FY 2005, regular evaluations by independent and external panels will provide prospective and retrospective reviews of program relevance, quality, and performance to date. Specifically, evaluators will determine whether EPA research programs have complete plans with clear goals and priorities, articulate potential public benefits, are relevant to National, scientific, and customer needs, and identify appropriate output and outcome measures, schedules, and decision points. Evaluations will also include an examination of program design to determine the appropriateness of a program's short-, intermediate-, and long-term goals and its strategy for attaining these. Recommendations and results from these reviews will improve the design and management of EPA research programs and help to measure progress under the Government Performance and Results Act (GPRA). EPA Program Offices and Regions actively participate in setting goals and priorities for Agency research. This input is used on an annual basis to inform and identify the performance impacts of budgetary decisions.

Quality

The Agency will continue to rely upon peer review as a critical means of ensuring that Agency science activities are technically adequate, competently performed, properly documented, and satisfy established quality requirements. To ensure quality, all scientific and technical work products undergo either internal or external peer review, with major or significant products requiring external peer review.

EPA's Science to Achieve Results (STAR) program is a competitive, peer-reviewed, extramural grants program whose goal is to enhance EPA's research efforts by engaging the nation's best scientists to provide high-quality, innovative research and solutions to protect human health and the environment. The STAR program uses external scientific peer reviewers to rate applications based on scientific merit.

Performance

In response to recommendations from the National Research Council, EPA's Science Advisory Board, and OMB, ORD is continually working to improve the performance of its research programs. Because of the inherent challenge in measuring research results, EPA is taking a multi-faceted approach in tracking and communicating the performance of its research programs.

Specifically, EPA has developed multi-year plans for each of its research programs using a program design/evaluation logic model to help

identify the outputs, customers, transfer needs, and short-, intermediate-, and long-term outcomes of each research program. ORD has incorporated these critical elements its long-term and annual performance goals to illustrate how research contributes to the achievement of Agency outcomes. The Agency has included specific long-term goals and annual performance goals which represent significant research accomplishments in the individual goal chapters of the budget request. EPA will also determine success in achieving each program's research commitments not only by its timeliness in meeting annual performance goals, but will also hold external independent reviews on a regular basis to evaluate the relevance, quality, and performance of its research programs.

EPA believes that taking a multi-year approach to its research planning, incorporating the elements of logic model design in the development of outcome-oriented performance information, and initiating external independent reviews of its research programs are important improvements in support of achieving significant research results and contributing to the achievement of Agency environmental and health outcomes.

The President's Management Agenda: A Commitment to Reform and Results

The Agency is committed to achieving the Administration's management reform priorities for a government that is results-oriented, citizen-centered, and market-based. This Annual Plan and Budget represents a strong commitment to reduce regulatory burdens and streamline Agency operations, so that the Agency's focus is on positive and measurable environmental results while working more effectively with our partners and stakeholders. Since FY 1999, EPA has undertaken significant management reform by restructuring its budget to match the strategic goals and objectives of its strategic plan. Since then, EPA has worked consistently to improve its ability to manage for results. The Agency's current management reform agenda fully supports the goals of the President's Management Agenda, and EPA has made demonstrable progress in carrying out the five government-wide initiatives as reflected in Executive Branch Scorecard updates and in delivering environmental results to our ultimate customer--the American public.

Implementation of the President's Management Agenda is a major focus of the Agency's FY 2005 budget request. EPA has identified major efforts to accelerate its progress in "getting to green" in all five initiatives: Budget and Performance Integration, Improved Financial Performance, Expanding E-Government, Competitive Sourcing, and Strategic Management of Human Capital. The Agency's plans are described throughout this justification. The Office of Management and Budget (OMB) rated EPA's progress as "green" in all five of the five areas and its status as "green" in Improved Financial Performance.

EPA continues to place a great emphasis on improving performance measures. The results of the Administration's Performance Assessment Rating Tool (PART) were used to inform the Agency's FY 2005 budget request. For example, EPA is investing in water quality monitoring to ensure adequate information is available to link programmatic outputs to environmental outcomes, and the Agency is better targeting pollution prevention (P2) efforts by enhancing P2 programs that have shown outcome results. In addition to and complementing the Agency's outcome-based environmental performance measures, some programs have developed or are in the process of developing efficiency measures. These measures are structured as a ratio of key program inputs (e.g. time, dollars, FTE) to program outputs or outcomes. They are intended to provide EPA program managers with additional information to be used as a tool for sound decision-making in program management.

The Agency has also incorporated Measurement Development Plans (MDPs) into this year's Annual Plan and Budget. MDPs, which recognize that environmental performance does not necessarily improve in one year, describe efforts to fill identified measurement gaps so that progress toward developing fully functioning measures, whether long-term or short-term, can be tracked. MDPs provide a road map for developing improved long-term and short-term performance measures for inclusion in the next strategic plan, tracking current strategic targets that cannot be measured annually, and assessing progress in addressing performance measurement gaps.